

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

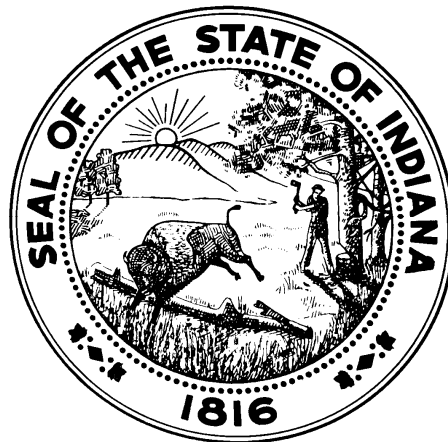
AUDIT REPORT

OF

TOWN OF CULVER

MARSHALL COUNTY, INDIANA

January 1, 2006 to December 31, 2007



**FILED**  
07/24/2008



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Casey L. Howard	01-01-06 to 12-31-11
President of the Town Common Council	David Cooper Edward Pinter Ralph Winters	01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF THE TOWN OF CULVER, MARSHALL COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Culver (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2006 and 2007, and the respective cash receipts and cash disbursements during the two years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 25, 2008, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

The Schedule of Funding Progress is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 25, 2008



# STATE OF INDIANA

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF CULVER, MARSHALL COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Culver (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. We noted certain matters that we reported to management in a separate letter dated June 25, 2008.

This report is intended solely for the information and use of the Town's management, clerk-treasurer, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 25, 2008



TOWN OF CULVER  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 297,505	\$ 11,950	\$ -	\$ -	\$ (285,555)	\$ -	\$ (285,555)
Public safety	731,352	95,787	132,530	-	(503,035)	-	(503,035)
Highways and streets	621,436	72,513	-	-	(548,923)	-	(548,923)
Culture and recreation	491,313	42,776	-	-	(448,537)	-	(448,537)
Payments on long-term debt	22,740	-	-	-	(22,740)	-	(22,740)
Total governmental activities	2,164,346	223,026	132,530	-	(1,808,790)	-	(1,808,790)
Business-type activities:							
Water	817,128	234,624	-	426,759	-	(155,745)	(155,745)
Wastewater	596,509	653,622	-	38,003	-	95,116	95,116
Total business-type activities	1,413,637	888,246	-	464,762	-	(60,629)	(60,629)
Total primary government	\$ 3,577,983	\$ 1,111,272	\$ 132,530	\$ 464,762	(1,808,790)	(60,629)	(1,869,419)
General receipts:							
Property taxes					804,617	-	804,617
Other local sources					574,823	-	574,823
Loan					246,046	-	246,046
Unrestricted investment earnings					21,240	-	21,240
Transfers					(200,000)	200,000	-
Total general receipts and transfers					1,446,726	200,000	1,646,726
Change in net assets					(362,064)	139,371	(222,693)
Net assets - beginning					1,762,024	565,807	2,327,831
Net assets - ending					\$ 1,399,960	\$ 705,178	\$ 2,105,138
<u>Assets</u>							
Cash and investments					\$ 976,343	\$ 289,985	\$ 1,266,328
Cash with fiscal agent					-	168,734	168,734
Restricted assets:							
Cash and investments					423,617	246,459	670,076
Total assets					\$ 1,399,960	\$ 705,178	\$ 2,105,138
<u>Net Assets</u>							
Restricted for:							
Culture and recreation					\$ 152,777	\$ -	\$ 152,777
Debt service					-	407,433	407,433
Other purposes					270,840	7,760	278,600
Unrestricted					976,343	289,985	1,266,328
Total net assets					\$ 1,399,960	\$ 705,178	\$ 2,105,138

The notes to the financial statements are an integral part of this statement.

TOWN OF CULVER  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	Park and Recreation	Park Piers	Redevelopment	Cumulative Capital Development	Other Governmental Funds	Totals
Receipts:								
Taxes	\$ 487,271	\$ 247,621	\$ 16,133	\$ -	\$ 30,589	\$ 23,003	\$ -	\$ 804,617
Licenses and permits	12,874	-	-	-	-	-	724	13,598
Intergovernmental	271,780	73,565	13,046	-	-	1,493	23,763	383,647
Charges for services	232,637	-	42,776	-	-	72,513	130	348,056
Fines and forfeits	2,585	-	-	-	-	-	3,663	6,248
Other	18,101	3,998	95,902	-	7,670	4,290	70,109	200,070
Total receipts	<u>1,025,248</u>	<u>325,184</u>	<u>167,857</u>	<u>-</u>	<u>38,259</u>	<u>101,299</u>	<u>98,389</u>	<u>1,756,236</u>
Disbursements:								
General government	297,505	-	-	-	-	-	10,573	308,078
Public safety	720,779	-	-	-	-	-	40,000	760,779
Highways and streets	-	367,635	-	-	-	-	22,735	390,370
Culture and recreation	-	-	222,532	246,046	-	-	-	468,578
Debt service:								
Principal	-	-	-	-	5,000	-	-	5,000
Interest	-	-	-	-	17,740	-	-	17,740
Capital outlay:								
Highways and streets	-	-	-	-	181,738	32,063	-	213,801
Total disbursements	<u>1,018,284</u>	<u>367,635</u>	<u>222,532</u>	<u>246,046</u>	<u>204,478</u>	<u>32,063</u>	<u>73,308</u>	<u>2,164,346</u>
Excess (deficiency) of receipts over disbursements	<u>6,964</u>	<u>(42,451)</u>	<u>(54,675)</u>	<u>(246,046)</u>	<u>(166,219)</u>	<u>69,236</u>	<u>25,081</u>	<u>(408,110)</u>
Other financing sources (uses):								
Transfers out	-	-	-	-	(200,000)	-	-	(200,000)
Other receipts	-	-	-	246,046	-	-	-	246,046
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,046</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>46,046</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,964</u>	<u>(42,451)</u>	<u>(54,675)</u>	<u>-</u>	<u>(366,219)</u>	<u>69,236</u>	<u>25,081</u>	<u>(362,064)</u>
Cash and investment fund balance - beginning	<u>575,404</u>	<u>134,530</u>	<u>177,082</u>	<u>-</u>	<u>636,026</u>	<u>114,318</u>	<u>124,664</u>	<u>1,762,024</u>
Cash and investment fund balance - ending	<u>\$ 582,368</u>	<u>\$ 92,079</u>	<u>\$ 122,407</u>	<u>\$ -</u>	<u>\$ 269,807</u>	<u>\$ 183,554</u>	<u>\$ 149,745</u>	<u>\$ 1,399,960</u>
<u>Cash and Investment Assets - December 31</u>								
Cash and investments	\$ 582,368	\$ 92,079	\$ -	\$ -	\$ -	\$ 183,554	\$ 118,342	\$ 976,343
Restricted assets:								
Cash and investments	-	-	122,407	-	269,807	-	31,403	423,617
Total cash and investment assets - December 31	<u>\$ 582,368</u>	<u>\$ 92,079</u>	<u>\$ 122,407</u>	<u>\$ -</u>	<u>\$ 269,807</u>	<u>\$ 183,554</u>	<u>\$ 149,745</u>	<u>\$ 1,399,960</u>
<u>Cash and Investment Fund Balance - December 31</u>								
Restricted for:								
Culture and recreation	\$ -	\$ -	\$ 122,407	\$ -	\$ -	\$ -	\$ 30,370	\$ 152,777
Other purposes	-	-	-	-	269,807	-	1,033	270,840
Unrestricted	<u>582,368</u>	<u>92,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,554</u>	<u>118,342</u>	<u>976,343</u>
Total cash and investment fund balance - December 31	<u>\$ 582,368</u>	<u>\$ 92,079</u>	<u>\$ 122,407</u>	<u>\$ -</u>	<u>\$ 269,807</u>	<u>\$ 183,554</u>	<u>\$ 149,745</u>	<u>\$ 1,399,960</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CULVER  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts	\$ 173,986	\$ -	\$ 173,986
Fire protection receipts	38,090	-	38,090
Penalties	1,031	5,419	6,450
Tap Fees	2,077	900	2,977
Other water receipts	1,290	-	1,290
Guaranteed customer deposits	640	-	640
Measured revenue	-	629,335	629,335
Insurance proceeds	-	9,083	9,083
Other	10,224	300	10,524
Total operating receipts	<u>227,338</u>	<u>645,037</u>	<u>872,375</u>
Operating disbursements:			
Salaries and wages	44,206	99,018	143,224
Employee pensions and benefits	21,669	55,699	77,368
Purchased water	-	307	307
Purchased power	18,524	56,941	75,465
Chemicals	11,946	6,651	18,597
Material and supplies	37,740	13,121	50,861
Contractual services	20,100	75,216	95,316
Repairs	5,516	14,356	19,872
Transportation disbursements	2,080	3,799	5,879
Insurance disbursements	10,592	14,833	25,425
Utility receipts tax	3,021	-	3,021
Sales tax	9,644	-	9,644
Regulatory commission disbursements	-	5,400	5,400
Guaranteed deposits returned	540	-	540
Miscellaneous disbursements	7,818	9,215	17,033
Total operating disbursements	<u>193,396</u>	<u>354,556</u>	<u>547,952</u>
Excess of operating receipts over operating disbursements	<u>33,942</u>	<u>290,481</u>	<u>324,423</u>
Nonoperating receipts (disbursements):			
Grant proceeds	426,759	38,003	464,762
Interest and investment receipts	7,286	8,585	15,871
Debt service of principal	-	(171,000)	(171,000)
Interest and investment disbursement	-	(70,953)	(70,953)
Construction costs	(623,732)	-	(623,732)
Total nonoperating receipts (disbursements)	<u>(189,687)</u>	<u>(195,365)</u>	<u>(385,052)</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(155,745)</u>	<u>95,116</u>	<u>(60,629)</u>
Transfers in	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Excess of receipts and transfers in over disbursements	<u>44,255</u>	<u>95,116</u>	<u>139,371</u>
Cash and investment fund balance - beginning	<u>196,658</u>	<u>369,149</u>	<u>565,807</u>
Cash and investment fund balance - ending	<u>\$ 240,913</u>	<u>\$ 464,265</u>	<u>\$ 705,178</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 233,153	\$ 56,832	\$ 289,985
Cash with fiscal agent	-	168,734	168,734
Restricted assets:			
Cash and investments	<u>7,760</u>	<u>238,699</u>	<u>246,459</u>
Total cash and investment assets - December 31	<u>\$ 240,913</u>	<u>\$ 464,265</u>	<u>\$ 705,178</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ -	\$ 407,433	\$ 407,433
Customer deposits	<u>7,760</u>	<u>-</u>	<u>7,760</u>
Unrestricted	<u>233,153</u>	<u>56,832</u>	<u>289,985</u>
Total cash and investment fund balance - December 31	<u>\$ 240,913</u>	<u>\$ 464,265</u>	<u>\$ 705,178</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CULVER  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUND  
For The Year Ended December 31, 2006

	Agency Fund <u>Payroll</u>
Additions:	
Agency fund additions	<u>\$ 239,808</u>
Deductions:	
Agency fund deductions	<u>241,307</u>
Deficiency of total additions over total deductions	(1,499)
Cash and investment fund balance - beginning	<u>11,037</u>
Cash and investment fund balance - ending	<u><u>\$ 9,538</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CULVER  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 277,197	\$ 11,342	\$ -	\$ -	\$ (265,855)	\$ -	\$ (265,855)
Public safety	720,473	100,662	173,048	-	(446,763)	-	(446,763)
Highways and streets	463,888	-	-	-	(463,888)	-	(463,888)
Culture and recreation	224,377	45,450	13,828	-	(165,099)	-	(165,099)
Payments on long-term debt	53,906	-	-	-	(53,906)	-	(53,906)
Total governmental activities	1,739,841	157,454	186,876	-	(1,395,511)	-	(1,395,511)
Business-type activities:							
Water	531,761	241,435	-	73,240	-	(217,086)	(217,086)
Wastewater	646,854	683,879	-	-	-	37,025	37,025
Total business-type activities	1,178,615	925,314	-	73,240	-	(180,061)	(180,061)
Total primary government	\$ 2,918,456	\$ 1,082,768	\$ 186,876	\$ 73,240	(1,395,511)	(180,061)	(1,575,572)
General receipts:							
Property taxes					552,297	-	552,297
Other local sources					667,420	-	667,420
Unrestricted investment earnings					24,926	-	24,926
Transfers					(63,044)	63,044	-
Total general receipts, special items, and transfers					1,181,599	63,044	1,244,643
Change in net assets					(213,912)	(117,017)	(330,929)
Net assets - beginning					1,399,960	705,178	2,105,138
Net assets - ending					\$ 1,186,048	\$ 588,161	\$ 1,774,209
<u>Assets</u>							
Cash and investments					\$ 980,823	\$ 232,519	\$ 1,213,342
Cash with fiscal agent					-	251,969	251,969
Restricted assets:							
Cash and investments					205,225	103,673	308,898
Total assets					\$ 1,186,048	\$ 588,161	\$ 1,774,209
<u>Net Assets</u>							
Restricted for:							
Culture and recreation					\$ 128,042	\$ -	\$ 128,042
Debt service					-	347,812	347,812
Other purposes					77,183	7,830	85,013
Unrestricted					980,823	232,519	1,213,342
Total net assets					\$ 1,186,048	\$ 588,161	\$ 1,774,209

The notes to the financial statements are an integral part of this statement.

TOWN OF CULVER  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General	Motor Vehicle Highway	Park and Recreation	Park Piers	Redevelopment	Cumulative Capital Development	Other Governmental Funds	Totals
Receipts:								
Taxes	\$ 359,201	\$ 163,475	\$ 13,850	\$ -	\$ -	\$ 15,771	\$ -	\$ 552,297
Licenses and permits	15,031	-	-	-	-	-	570	15,601
Intergovernmental	272,344	66,928	14,220	-	-	1,106	15,445	370,043
Charges for services	112,004	-	45,450	-	-	-	3,552	161,006
Fines and forfeits	1,250	-	-	-	-	-	171,578	172,828
Other	33,685	681	109,992	-	3,779	3,670	-	151,807
Total receipts	793,515	231,084	183,512	-	3,779	20,547	191,145	1,423,582
Disbursements:								
General government	277,197	-	-	-	-	-	-	277,197
Public safety	711,618	-	-	-	-	-	8,855	720,473
Highways and streets	-	302,066	-	-	-	-	-	302,066
Culture and recreation	-	-	223,965	-	-	-	412	224,377
Debt service:								
Principal	-	-	-	-	30,000	-	-	30,000
Interest	-	-	-	-	23,906	-	-	23,906
Capital outlay:								
Highways and streets	-	-	-	-	79,466	82,356	-	161,822
Total disbursements	988,815	302,066	223,965	-	133,372	82,356	9,267	1,739,841
Excess (deficiency) of receipts over disbursements	(195,300)	(70,982)	(40,453)	-	(129,593)	(61,809)	181,878	(316,259)
Other financing sources (uses):								
Transfers out	-	-	-	-	(63,044)	-	-	(63,044)
Other receipts	133,248	235	1,458	-	-	-	30,450	165,391
Total other financing sources (uses)	133,248	235	1,458	-	(63,044)	-	30,450	102,347
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(62,052)	(70,747)	(38,995)	-	(192,637)	(61,809)	212,328	(213,912)
Cash and investment fund balance - beginning	582,368	92,079	122,407	-	269,807	183,554	149,745	1,399,960
Cash and investment fund balance - ending	\$ 520,316	\$ 21,332	\$ 83,412	\$ -	\$ 77,170	\$ 121,745	\$ 362,073	\$ 1,186,048
<u>Cash and Investment Assets - December 31</u>								
Cash and investments	\$ 520,316	\$ 21,332	\$ -	\$ -	\$ -	\$ 121,745	\$ 317,430	\$ 980,823
Restricted assets:								
Cash and investments	-	-	83,412	-	77,170	-	44,643	205,225
Total cash and investment assets - December 31	\$ 520,316	\$ 21,332	\$ 83,412	\$ -	\$ 77,170	\$ 121,745	\$ 362,073	\$ 1,186,048
<u>Cash and Investment Fund Balance - December 31</u>								
Restricted for:								
Culture and recreation	\$ -	\$ -	\$ 83,412	\$ -	\$ -	\$ -	\$ 44,630	\$ 128,042
Other purposes	-	-	-	-	77,170	-	13	77,183
Unrestricted	520,316	21,332	-	-	-	121,745	317,430	980,823
Total cash and investment fund balance - December 31	\$ 520,316	\$ 21,332	\$ 83,412	\$ -	\$ 77,170	\$ 121,745	\$ 362,073	\$ 1,186,048

The notes to the financial statements are an integral part of this statement.

TOWN OF CULVER  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2007

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts	\$ 179,419	\$ -	\$ 179,419
Fire protection receipts	38,123	-	38,123
Penalties	999	5,443	6,442
Tap fees	1,631	1,532	3,163
Other water revenue	5,592	-	5,592
Guaranteed customer deposits	760	-	760
Measured revenue	-	652,982	652,982
Insurance proceeds	-	4,630	4,630
Other	10,666	6,550	17,216
Total operating receipts	<u>237,190</u>	<u>671,137</u>	<u>908,327</u>
Operating disbursements:			
Salaries and wages	49,574	104,141	153,715
Employee pensions and benefits	26,045	55,173	81,218
Purchased water	-	246	246
Purchased power	17,928	57,373	75,301
Chemicals	11,204	8,582	19,786
Material and supplies	49,116	15,355	64,471
Contractual services	38,890	30,266	69,156
Repairs	19,989	18,114	38,103
Transportation disbursements	2,294	4,334	6,628
Insurance disbursements	12,914	14,795	27,709
Utility receipts tax	5,401	-	5,401
Sales tax	10,078	-	10,078
Regulatory commission disbursements	-	4,400	4,400
Guaranteed deposits returned	690	-	690
Miscellaneous disbursements	8,363	6,918	15,281
Total operating disbursements	<u>252,486</u>	<u>319,697</u>	<u>572,183</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(15,296)</u>	<u>351,440</u>	<u>336,144</u>
Nonoperating receipts (disbursements):			
Grant proceeds	73,240	-	73,240
Interest and investment receipts	4,245	12,742	16,987
Debt service of principal	-	(171,000)	(171,000)
Interest and investment disbursement	-	(124,555)	(124,555)
Construction costs	(279,275)	(31,602)	(310,877)
Total nonoperating receipts (disbursements)	<u>(201,790)</u>	<u>(314,415)</u>	<u>(516,205)</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(217,086)</u>	<u>37,025</u>	<u>(180,061)</u>
Transfers in	80,749	-	80,749
Transfers out	-	(17,705)	(17,705)
Excess (deficiency) of receipts and transfers in over disbursements and transfers out	<u>(136,337)</u>	<u>19,320</u>	<u>(117,017)</u>
Cash and investment fund balance - beginning	<u>240,913</u>	<u>464,265</u>	<u>705,178</u>
Cash and investment fund balance - ending	<u>\$ 104,576</u>	<u>\$ 483,585</u>	<u>\$ 588,161</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 96,746	\$ 135,773	\$ 232,519
Cash with fiscal agent	-	251,969	251,969
Restricted assets:			
Cash and investments	<u>7,830</u>	<u>95,843</u>	<u>103,673</u>
Total cash and investment assets - December 31	<u>\$ 104,576</u>	<u>\$ 483,585</u>	<u>\$ 588,161</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ -	\$ 347,812	\$ 347,812
Guaranteed customer deposits	7,830	-	7,830
Unrestricted	<u>96,746</u>	<u>135,773</u>	<u>232,519</u>
Total cash and investment fund balance - December 31	<u>\$ 104,576</u>	<u>\$ 483,585</u>	<u>\$ 588,161</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CULVER  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUND  
For The Year Ended December 31, 2007

	Agency Fund <u>Payroll</u>
Additions:	
Agency fund additions	\$ <u>262,748</u>
Deductions:	
Agency fund deductions	<u>267,432</u>
Deficiency of total additions over total deductions	(4,684)
Cash and investment fund balance - beginning	<u>9,538</u>
Cash and investment fund balance - ending	<u>\$ <u>4,854</u></u>

The notes to the financial statements are an integral part of this statement.



TOWN OF CULVER  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police, fire and emergency medical services), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and Statement of Cash Activities displays information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund accounts for receipts and disbursements for repair and maintenance of the streets of the town.

The park and recreation fund accounts for receipts and disbursements for operating and maintaining the Town's parks.

The park piers fund accounts for the loan proceeds to refurbish and expand the pier space at the Town's beach. The park and recreation fund will repay the loan.

The redevelopment fund accounts for the bond issue proceeds used to redevelop areas of the Town and infrastructure costs.

The cumulative capital development fund accounts for tax revenues to fund specific projects.

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

TOWN OF CULVER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the Town reports the following fund types:

Agency fund accounts for assets held by the Town as an agent for governments.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The Town does not have any internal service funds.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

TOWN OF CULVER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected, except the TIF area collection, which was received in February, 2008.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 5 days per year. Sick leave may accumulate to a maximum of 60 days. Accumulated sick leave is not paid to employees upon retirement.

b. Vacation Leave

Employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year. Accumulated vacation leave is paid to employees through cash payments upon resignation or termination.

c. Personal Leave

Employees earn personal leave at the rate of 2 days per year. Personal leave does not accumulate from year to year.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

TOWN OF CULVER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis Statement of Cash Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

TOWN OF CULVER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Cash Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Cash Activities.

II. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

TOWN OF CULVER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2007, the bank balance held at The Bank of New York Trust Company, N. A., in the amount of \$251,969.14 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-Town of Culver's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
Redevelopment Fund	Water Utility Fund	\$ 200,000	\$ 63,044
Wastewater Utility Fund	Water Utility Fund	-	17,705
Totals		<u>\$ 200,000</u>	<u>\$ 80,749</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Restatements and Reclassifications

For the year ended December 31, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustment represent the addition of a cash change funds, which were not in the total balance previously.

Opinion Unit	Balance as Reported December 31, 2005	Prior Period Adjustments	Balance as Restated January 1, 2006
Water Utility Fund	\$ 196,558	\$ 100	\$ 196,658
Business-type activities	565,707	100	565,807

TOWN OF CULVER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Related Party Transactions

During the period for which financial statements are presented, the Town had material transactions with Millie Sytoma, emergency medical director and co-owner of Culcom LLC, which provided communication services to departments with the Town. During 2007 and 2006, the Town paid Culcom LLC \$6,858 and \$3,539, respectively.

C. Subsequent Events

In January 2008, the Culver Redevelopment Commission issued Tax Increment Revenue Bonds in the amount of \$350,000 for a beautification project on West Jefferson Street. The project will include new water lines and underground utility cables. The new tax incremental financing district will dispose of the financing over the next 16 years.

D. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on April 25, 2001.

On September 27, 2005, the Town Council adopted Ordinance 2005-005 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission.

Wastewater Utility

The current rate structure was approved by the Town Council on October 25, 2005.

E. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees

TOWN OF CULVER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 34,216
Interest on net pension obligation	(7,169)
Adjustment to annual required contribution	8,169
Annual pension cost	35,216
Contributions made	34,702
Increase in net pension obligation	514
Net pension obligation, beginning of year	(98,877)
Net pension obligation, end of year	\$ (98,363)



TOWN OF CULVER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	<u>PERF</u>
Contribution rates:	
Town	7.0%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-04	\$ 31,269	124%	\$ (97,879)
	06-30-05	35,566	103%	(98,877)
	06-30-06	35,216	99%	(98,363)

TOWN OF CULVER  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund							Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)		
07-01-04	\$ 215,071	\$ 357,997	\$ (142,926)	60%	\$ 533,807		(27%)
07-01-05	244,217	416,274	(172,057)	59%	459,998		(37%)
07-01-06	293,690	346,966	(53,276)	85%	504,853		(11%)

TOWN OF CULVER  
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
OTHER GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	Local Road and Street	Law Enforcement Continuing Education	Riverboat	Rainy Day	Nonreverting Park Gift	Nonreverting EMS Gift
Receipts:						
Licenses and permits	\$ -	\$ 724	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,581	-	9,684	-	-	-
Charges for services	-	130	-	-	-	-
Fines and forfeits	-	3,663	-	-	-	-
Other	1,427	271	852	731	50,188	9
Total receipts	10,008	4,788	10,536	731	50,188	9
Disbursements:						
Public safety	-	4,474	-	-	-	-
Highways and streets	40,000	-	-	-	-	-
Culture and recreation	-	-	-	-	22,735	-
Total disbursements	40,000	4,474	-	-	22,735	-
Excess (deficiency) of receipts over disbursements	(29,992)	314	10,536	731	27,453	9
Cash and investment fund balance - beginning	48,506	6,158	29,942	26,117	2,917	667
Cash and investment fund balance - ending	<u>\$ 18,514</u>	<u>\$ 6,472</u>	<u>\$ 40,478</u>	<u>\$ 26,848</u>	<u>\$ 30,370</u>	<u>\$ 676</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 18,514	\$ 6,472	\$ 40,478	\$ 26,848	\$ -	\$ 676
Restricted assets:						
Cash and investments	-	-	-	-	30,370	-
Total cash and investment assets - December 31	<u>\$ 18,514</u>	<u>\$ 6,472</u>	<u>\$ 40,478</u>	<u>\$ 26,848</u>	<u>\$ 30,370</u>	<u>\$ 676</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	30,370	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	18,514	6,472	40,478	26,848	-	676
Total cash and investment fund balance - December 31	<u>\$ 18,514</u>	<u>\$ 6,472</u>	<u>\$ 40,478</u>	<u>\$ 26,848</u>	<u>\$ 30,370</u>	<u>\$ 676</u>

TOWN OF CULVER  
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
OTHER GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006  
(Continued)

	Nonreverting Fire Gift	Nonreverting Police Gift	Safety Seat	Cumulative Capital Improvement	Totals
Receipts:					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 724
Intergovernmental	-	-	-	5,498	23,763
Charges for services	-	-	-	-	130
Fines and forfeits	-	-	-	-	3,663
Other	7,558	8,051	1,022	-	70,109
Total receipts	7,558	8,051	1,022	5,498	98,389
Disbursements:					
Public safety	-	5,500	599	-	10,573
Highways and streets	-	-	-	-	40,000
Culture and recreation	-	-	-	-	22,735
Total disbursements	-	5,500	599	-	73,308
Excess (deficiency) of receipts over disbursements	7,558	2,551	423	5,498	25,081
Cash and investment fund balance - beginning	9,567	180	610	-	124,664
Cash and investment fund balance - ending	<u>\$ 17,125</u>	<u>\$ 2,731</u>	<u>\$ 1,033</u>	<u>\$ 5,498</u>	<u>\$ 149,745</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 17,125	\$ 2,731	\$ -	\$ 5,498	\$ 118,342
Restricted assets:					
Cash and investments	-	-	1,033	-	31,403
Total cash and investment assets - December 31	<u>\$ 17,125</u>	<u>\$ 2,731</u>	<u>\$ 1,033</u>	<u>\$ 5,498</u>	<u>\$ 149,745</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 30,370
Other purposes	-	-	1,033	-	1,033
Unrestricted	17,125	2,731	-	5,498	118,342
Total cash and investment fund balance - December 31	<u>\$ 17,125</u>	<u>\$ 2,731</u>	<u>\$ 1,033</u>	<u>\$ 5,498</u>	<u>\$ 149,745</u>

TOWN OF CULVER  
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
OTHER GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	Local Road and Street	Law Enforcement Continuing Education	Riverboat	Rainy Day	Nonreverting Park Gift	Nonreverting EMS Gift
Receipts:						
Licenses and permits	\$ -	\$ 570	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,039	-	-	-	-	-
Fines and forfeits	-	3,552	-	-	-	-
Other	-	365	10,755	142,133	14,272	-
Total receipts	10,039	4,487	10,755	142,133	14,272	-
Disbursements:						
Public safety	-	3,603	-	1,419	-	-
Culture and recreation	-	-	-	-	412	-
Total disbursements	-	3,603	-	1,419	412	-
Excess (deficiency) of receipts over disbursements	10,039	884	10,755	140,714	13,860	-
Other financing sources:						
Other receipts	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	10,039	884	10,755	140,714	13,860	-
Cash and investment fund balance - beginning	18,514	6,472	40,478	26,848	30,370	676
Cash and investment fund balance - ending	<u>\$ 28,553</u>	<u>\$ 7,356</u>	<u>\$ 51,233</u>	<u>\$ 167,562</u>	<u>\$ 44,230</u>	<u>\$ 676</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 28,553	\$ 7,356	\$ 51,233	\$ 167,562	\$ -	\$ 676
Restricted assets:						
Cash and investments	-	-	-	-	44,230	-
Total cash and investment assets - December 31	<u>\$ 28,553</u>	<u>\$ 7,356</u>	<u>\$ 51,233</u>	<u>\$ 167,562</u>	<u>\$ 44,230</u>	<u>\$ 676</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 44,230	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	28,553	7,356	51,233	167,562	-	676
Total cash and investment fund balance - December 31	<u>\$ 28,553</u>	<u>\$ 7,356</u>	<u>\$ 51,233</u>	<u>\$ 167,562</u>	<u>\$ 44,230</u>	<u>\$ 676</u>

TOWN OF CULVER  
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
OTHER GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007  
(Continued)

	Nonreverting Fire Gift	Nonreverting Police Gift	Safety Seat	Tree Program	Cumulative Capital Improvement	Totals
Receipts:						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 570
Intergovernmental	-	-	-	-	5,406	15,445
Fines and forfeits	-	-	-	-	-	3,552
Other	3,027	626	-	400	-	171,578
Total receipts	3,027	626	-	400	5,406	191,145
Disbursements:						
Public safety	-	2,813	1,020	-	-	8,855
Culture and recreation	-	-	-	-	-	412
Total disbursements	-	2,813	1,020	-	-	9,267
Excess (deficiency) of receipts over disbursements	3,027	(2,187)	(1,020)	400	5,406	181,878
Other financing sources:						
Other receipts	30,450	-	-	-	-	30,450
Excess (deficiency) of receipts and other financing sources over disbursements	33,477	(2,187)	(1,020)	400	5,406	212,328
Cash and investment fund balance - beginning	17,125	2,731	1,033	-	5,498	149,745
Cash and investment fund balance - ending	<u>\$ 50,602</u>	<u>\$ 544</u>	<u>\$ 13</u>	<u>\$ 400</u>	<u>\$ 10,904</u>	<u>\$ 362,073</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 50,602	\$ 544	\$ -	\$ -	\$ 10,904	\$ 317,430
Restricted assets:						
Cash and investments	-	-	13	400	-	44,643
Total cash and investment assets - December 31	<u>\$ 50,602</u>	<u>\$ 544</u>	<u>\$ 13</u>	<u>\$ 400</u>	<u>\$ 10,904</u>	<u>\$ 362,073</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ 400	\$ -	\$ 44,630
Other purposes	-	-	13	-	-	13
Unrestricted	50,602	544	-	-	10,904	317,430
Total cash and investment fund balance - December 31	<u>\$ 50,602</u>	<u>\$ 544</u>	<u>\$ 13</u>	<u>\$ 400</u>	<u>\$ 10,904</u>	<u>\$ 362,073</u>

TOWN OF CULVER  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

As Of December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

Primary Government

Governmental activities:

Capital assets, not being depreciated:

Infrastructure	\$ 344,716
Buildings	229,322
Improvements other than buildings	292,064
Machinery and equipment	<u>1,973,052</u>

Total governmental activities, capital assets not being depreciated	<u><u>\$ 2,839,154</u></u>
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Primary Government

Business-type activities:

Water Utility:

Capital assets, not being depreciated:

Land	\$ 2,200
Buildings	160,866
Improvements other than buildings	1,544,931
Machinery and equipment	<u>181,217</u>

Total Water Utility capital assets	<u>1,889,214</u>
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Wastewater Utility:

Capital assets, not being depreciated:

Land	2,742
Buildings	1,028,040
Improvements other than buildings	4,443,603
Machinery and equipment	<u>521,487</u>

Total Wastewater Utility capital assets	<u>5,995,872</u>
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Total business-type activities capital assets	<u><u>\$ 7,885,086</u></u>
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TOWN OF CULVER  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2007

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Street Sweeper	\$ 46,395	\$ 24,763
Dump Truck	16,569	17,468
Backhoe	19,592	19,677
Fire Truck	54,486	19,121
Notes and loans payable		
Loan for city piers	203,949	55,728
Bonds payable:		
Revenue bonds:		
2005 Redevelopment Tax Increment	615,000	52,781
Total governmental activities debt	<u>\$ 955,991</u>	<u>\$ 189,538</u>
Business-type Activities:		
Wastewater Utility		
State revolving loan payable		
Loan of 2005	\$ 2,523,000	158,860
Revenue bonds:		
1998 Sewage Works Refunding	1,150,000	116,725
1999 Sewage Works	25,000	26,063
Total Wastewater Utility	<u>3,698,000</u>	<u>301,648</u>
Total business-type activities debt:	<u>\$ 3,698,000</u>	<u>\$ 301,648</u>



SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF CULVER, MARSHALL COUNTY, INDIANA

### Compliance

We have audited the compliance of the Town of Culver (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2007. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2007.

### Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, clerk-treasurer, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 25, 2008

TOWN OF CULVER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-06	Total Federal Awards Expended 12-31-07
<u>U.S. Department of Transportation</u>				
Pass-Through Indiana Criminal Justice Institute				
Highway Safety Cluster				
State and Community Highway Safety	20.600		\$ 2,175	\$ 2,600
<u>U.S. Department of Agriculture</u>				
Pass-Through Indiana Department of Natural Resources				
Urban and Community Forestry Program	10.675		-	3,065
<u>U.S. Department of Housing and Urban Development</u>				
Pass-Through Lieutenant Governor				
Community Development Block Grants/State's Program	14.228	CF-05-105	415,867	73,241
<u>U.S. Environmental Protection Agency</u>				
Pass-Through Indiana Finance Authority				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18224401	915,649	231,167
Total federal awards expended			<u>\$ 1,333,691</u>	<u>\$ 310,073</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF CULVER  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Culver (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF CULVER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
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Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF CULVER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF CULVER  
EXIT CONFERENCE

The contents of this report were discussed on June 25, 2008, with Ralph Winters, President of the Town Council; Edward Pinter, Town Council member; and Casey L. Howard, Clerk-Treasurer. Our audit disclosed no material items that warrant comment at this time.